

The DIL Trust

Independent Auditors' Report

Financial Statements

As of and for the Year Ended December 31, 2013

INDEPENDENT AUDITORS' REPORT

To the Trustees of The DIL Trust

We have audited the accompanying financial statements of The DIL Trust ("DIL Trust"), which comprise the statement of net assets in liquidation, as of December 31, 2013, and the related statement of changes in net assets in liquidation for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The trustees of DIL Trust are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to DIL Trust's preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to DIL Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DIL Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets in liquidation of DIL Trust as of December 31, 2013, and changes in net assets in liquidation for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, in June 1987, Dillingham Holdings, Inc. distributed its remaining assets and liabilities in complete liquidation pursuant to a plan adopted by its shareholders. Certain of these net assets are now held by DIL Trust, a liquidating trust. As a result, the financial statements of DIL Trust have been prepared under the liquidation basis of accounting.

Deloitte & Touche LLP

May 19, 2014

THE DIL TRUST

STATEMENT OF NET ASSET IN LIQUIDATION AS OF DECEMBER 31, 2013

ASSET:

Cash	\$ 2,048,752
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LIABILITIES:

Accrued expenses	1,953,845
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Accounts payable	<u>94,907</u>
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Total liabilities	<u>2,048,752</u>
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NET ASSETS IN LIQUIDATION	<u>\$ -</u>
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See notes to the financial statements.

THE DIL TRUST

STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES—Interest income	\$ 1,730
EXPENSES—Operating expenses and professional fees	1,730
DECREASE IN NET ASSETS IN LIQUIDATION	-
NET ASSETS IN LIQUIDATION—Beginning of year	-
NET ASSETS IN LIQUIDATION—End of year	\$ -

See notes to the financial statements.

THE DIL TRUST

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

1. PURPOSE OF TRUST

In June 1987, Dillingham Holdings, Inc. (the “Company”) distributed its remaining assets and liabilities (net assets) in complete liquidation pursuant to a plan adopted by its shareholders. Certain of these net assets are held by The DIL Trust, a liquidating trust (“DIL Trust”).

DIL Trust is managed by two DIL Trust Trustees (“Trustees”). The Trustees have the power to appoint and compensate agents and employees of DIL Trust to assist in the process of liquidating assets, paying expenses and liabilities, investing proceeds from the sales of assets, and distributing assets to the beneficiaries of DIL Trust.

During February 2010, the two trustees of the DIL Trust, Edward Gilhuly and Michael Michelson, resigned, and William Janetschek and Keith Salvatore accepted appointment as a successor trustees of the DIL Trust.

Distributions of net assets from DIL Trust will be made to the beneficiaries as deemed appropriate by the Trustees. For tax purposes, the beneficiaries are responsible for all items of income, deduction, expense, and credit attributable to assets, liabilities, or operations.

The net amount ultimately available for distribution from DIL Trust depends on many future factors, such as settlements of claims and commitments, the amount of revenue and expenses of DIL Trust until its complete liquidation, and other uncertainties.

2. BASIS OF PRESENTATION

The accompanying financial statements were prepared on the liquidation basis of accounting. Under the liquidation basis of accounting, assets are valued at the Trustees’ estimate of net realizable value, and liabilities are presented at the estimated settlement amounts. This method also provides that an accrual be established for the estimated costs (in excess of estimated income) to wind up the affairs of DIL Trust. DIL Trust estimates \$1,953,845 of future operating expenses, professional fees, insurance and settlement agreement through an anticipated termination in 2014, which has been reflected as a liability in the statement of net assets in liquidation.

Cash — Cash consists of cash in bank as of December 31, 2013.

Use of Estimates — The preparation of liquidation basis financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

3. ENVIRONMENTAL RESERVE

In November 2000, DIL Trust was notified by the State of Hawaii that it has been designated as a potentially responsible party as successor to the Company with regard to certain petroleum and chemical contamination in the Honolulu Harbor. DIL Trust believes that it is partially covered for any costs associated with this matter by prior insurance coverage of the Company.

In November 2009, DIL Trust was notified by the Port of Portland that it has been designated as a potentially responsible party as successor to the Company with regard to certain claims concerning the Portland Harbor. DIL Trust believes that it is partially covered for any costs associated with this matter by prior insurance coverage of the Company.

DIL Trust believes there will not be any material adverse effect upon DIL Trust from the ultimate resolution of the remaining lawsuits and contingencies.

4. CONTINGENCY RUNOFF EXCESS LIABILITY INSURANCE

The Company was a party to various lawsuits and other matters arising in the normal course of business including certain environmental contingencies and was contingently liable under certain guarantees of financial performance for certain of its subsidiaries. The Company was uninsured for certain risks inherent in its operations up to certain levels beyond which insurance coverage was in force. DIL Trust has assumed responsibility for resolution of the lawsuits and other obligations of the Company.

In October 1997, DIL Trust purchased contingency runoff liability insurance for \$2,187,000. The policy covers general, pollution, and certain other potential liabilities, up to an aggregate of \$20,000,000 in claims, for a 10-year term through October 2007. In August 1999, DIL Trust extended the term of the contingency runoff liability insurance to October 2014, in exchange for a payment of \$620,100.

The Trustees believe there will not be any material adverse effect upon DIL Trust from the ultimate resolution of the remaining lawsuits and contingencies.

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date that these financial statements were available to be issued. As a result of the Company's evaluation, the Company noted no subsequent events that require adjustment to, or disclosure in, these financial statements.
